

**COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
OFFICE OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2005-AH-022
ADMINISTRATIVE ACTION NO. 05-PPC-0513**

IN THE MATTER OF:
FIRST FIDELITY MORTGAGE, LLC
dba FIRST FIDELITY FINANCIAL

SETTLEMENT AGREEMENT

BACKGROUND AND FACTUAL FINDINGS

1. First Fidelity Mortgage, LLC dba First Fidelity Financial ("First Fidelity") is licensed by the Office of Financial Institutions ("OFI") to conduct business as a mortgage broker. First Fidelity's mailing address is 3905 Fairfield Hill Court, Louisville, Kentucky 40245 and its mortgage loan broker license number is 1231-B.

2. On August 8, 2005, an inquiry was made into the license status of First Fidelity by Option One Mortgage, a client of First Fidelity. Through an examination of records, it was found that First Fidelity had renewed on August 5, 2005, over a month after the deadline for license renewal. Further investigation found that an employee of First Fidelity had provided Option One with a photocopy of the 2004 renewal letter, which the employee had altered to indicate it was a 2005 renewal letter.

3. First Fidelity in its Reply to the Complaint reflects that the employee's alteration of the 2004 renewal letter was unknown to management. The employee was subsequently terminated.

4. OFI believes the occurrence evidences a management not having adequate control of administrative matters.

5. As a result of the altered 2004 renewal letter, OFI filed an administrative complaint to revoke First Fidelity's license as a mortgage broker.

6. First Fidelity's owner, Mr. Jeff Prow, in a good faith effort to resolve this matter, closed First Fidelity's office on February 28, 2006. Mr. Prow has stated that he may wish to to reestablish First Fidelity in the future.

AGREEMENT AND ORDER

The Office of Financial Institutions and First Fidelity Mortgage, LLC dba First Fidelity Financial, in the interest of economically and efficiently resolving the issues raised in the foregoing Background and Factual Findings and the Administrative Complaint filed on August 25, 2005, agree as follows:

1. First Fidelity Mortgage, LLC dba First Fidelity Financial agrees to surrender its license for its only office, which has been closed since February 28, 2006, for a period of not less than twelve (12) months from the date of closing. Following this period of time, First Fidelity may resume operations if the following conditions are met:

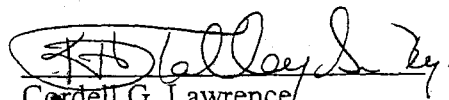
- a. First Fidelity has not operated in contravention of this agreement.
- b. First Fidelity agrees to not request exemption from Chapter 294 of the Kentucky Revised Statutes.
- c. On applying to reestablish First Fidelity, it will provide the bond required by applicable statute and regulation, and pay all renewal and application fees to reestablish the brokerage, together with evidence that it is good standing with the Kentucky Secretary of State.
- d. Mr. Jeff Prow has kept his continuing education credits current and remains registered as a loan officer.
- e. Mr. Jeff Prow does not have a current complaint filed regarding any actions governed by KRS Chapter 294.
- f. Mr. Jeff Prow has completed a management skills training seminar or course offered by a college or university or by a mortgage banking

training facility or organization which is approved by OFI to provide continuing education to Kentucky mortgage brokers and/or loan officers.

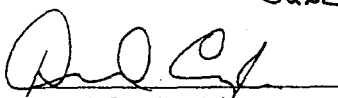
2. In return for First Fidelity Mortgage, LLC dba First Fidelity Financial's agreement to the clauses above, the Office of Financial Institutions will request dismissal of the Administrative Complaint filed on August 25, 2005. Should First Fidelity Mortgage, LLC dba First Fidelity Financial fail to meet the requirements of this Agreement, the Office of Financial Institutions reserves the right to refile an Administrative Complaint related to the activities outlined above.

3. First Fidelity Mortgage, LLC dba First Fidelity Financial waives its right to demand a hearing, at which First Fidelity Mortgage, LLC dba First Fidelity Financial would be entitled to legal representation, to confront and cross examine witnesses for the Office of Financial Institutions, and to present evidence on its own behalf. Further, First Fidelity Mortgage, LLC dba First Fidelity Financial consents to and acknowledges the jurisdiction of the Office of Financial Institutions over this matter and that this Agreement is a matter of public record and may be disseminated as such.

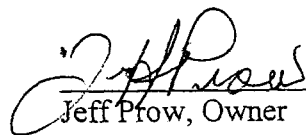
IT IS SO ORDERED on this the 14th day of June, 2006.


Cordell G. Lawrence
Executive Director

Agreed and Consented to:
This 13th day of ~~May~~ June 2006


David Coyle, Director
Division of Financial Institutions
Office of Financial Institutions

This 9th day of May 2006


Jeff Prow, Owner
First Fidelity Mortgage, LLC
dba First Fidelity Financial